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## Bush Takes on Economy in Silicon Valley

By [Mark Leon](#)  
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SANTA CLARA, Calif. -- President Bush wasted no time using the momentum from his victorious campaign in Iraq to push his economic package at home.

Speaking for more than 35 minutes to a crowd of workers at United Defense Industries here, Bush lobbied Congress to act on his pending economic stimulus package, which includes accelerated tax cuts as well as lower taxes on corporate dividends -- a sore spot for executives in the region that have held back cash payouts in order to strengthen corporate coffers.

An advertisement for Gateway Servers. It features two black server towers and one blue server rack. The text reads: "Gateway® Servers for any business", "7 series to choose from", "starting at \$399", "> [get the details](#)", and "90 day money-back guarantee". The Gateway logo is also present.

"Listen, when somebody goes out and buys a new computer or a new program, it not only benefits the small business because the small business becomes more productive, it benefits the computer programmer who has designed the program, or the computer manufacturer who made the computer. The best way to encourage economic growth is to encourage investment, is to stimulate supply and demand. The Congress needs to be bold, and the Congress needs to act, and the Congress needs to recognize the importance of small business in our society," Bush said during his speech.

The president opened his address with a pitch for continued focus on national security, and a pledge to stay in Iraq until it is free. Then, in recognition of where he was, at the heart of the ailing tech economy, he said, "You know as well as anyone that the economy is not growing fast enough."

Bush's prescription for fixing the economy is not new. He wants Congress to enact his tax cuts, and he called on the nation's legislators to do so in the next few weeks.

"The problem is that they weren't going to let you keep your own money for three, five,

or seven years from now. Well, listen, our economy needs a shot in the arm now, not three, five, or seven years from now," Bush said.

And he pushed hard for what is perhaps the most controversial of his proposals, ending the tax on dividends. "Millions of Americans own stock," Bush said, referring specifically to 401k plans, "and you should worry about your investment being taxed twice by the government."

He said ending the tax on dividends would encourage more companies to pay dividends. Then, in a direct reference to Silicon Valley's recent boom times, he said, "We just emerged from a period when a lot of companies said, 'We don't have a good cash flow, but we have a good story.' If you are a dividend paying company, you can't put out a pie in the sky story, because you have to pay dividends."

Silicon Valley congressional members Mike Honda and Zoe Lofgren, both of San Jose, Calif., are unfazed by the rhetoric calling the President's economic record "dismal".

The two Democrats point to more than 80,000 jobs in Silicon Valley that have evaporated since President Bush took office. The region's unemployment rate is among the nation's highest at 8.5 percent and an estimated two million jobs have been eliminated during the latest tech recession.

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